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December 22, 2008

The Honorable Mayor and
 Members of City Council
 City of Rancho Palos Verdes
 Rancho Palos Verdes, California

In planning and performing our audit of the financial statements of the City of Rancho Palos Verdes (the City) as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, we became aware of an instance that is an opportunity for strengthening internal controls and operating efficiency. This matter is set forth below, together with our recommendation for improvement.

Mgt. Ltr.
 3/19/09

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Frequency of Bank Deposits

During our testing of cash receipts, we noted that bank deposits are only made 2 to 3 times each month. This practice can result in significant amounts of cash and checks on hand, increases the risk of loss, and does not allow the City to properly reflect its cash balances in the accounting records. To improve the safeguarding and recording of cash, we recommend that bank deposits be made at least 2 to 3 times per week.

This communication is intended solely for the information and use of management, the City Council, and others within the City and is not intended to be, and should not be, used by anyone other than these specified parties.

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